

# Climate finance tracking and the design of recovery packages: from global practice to the Polish context

*Online webinar*

Supported by:



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Conservation and Nuclear Safety (BMU).*

29.06.2020

## Agenda

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- 15:30 - 15:35**      **Welcome and tour de zoom by WiseEuropa, I4CE & NewClimate Institute**
- 15:35 - 15:45**      **Impact of COVID-19 on aligning finance with the Paris Agreement**
- *Aki Kachi, Climate policy analyst, NewClimate Institute*
- 15:45 - 15:55**      **Driving economic recovery in France by investing in climate**
- *Ian Cochran, Program Director - Financial Institutions, I4CE*
- 15:55 - 16:15**      **Landscape of climate finance in the Polish energy sector – current trends and future needs**
- *Zofia Wetmańska, Analyst, WiseEuropa*
- 16:15 - 16:30**      **Q&A session**



WiseEuropa

# Landscape of climate finance in the Polish energy sector

**Current trends and future needs**

Zofia Wetmańska, Analyst, WiseEuropa

29.06.2020

## About WiseEuropa

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**WiseEuropa Institute** is an independent think-tank based in Warsaw that focuses on socio-economic and foreign policy both at the national and European level.

WiseEuropa research areas include:



**Social policies and  
labour market**



**Macroeconomic,  
industrial and  
institutional  
policies**



**Digital economy  
and innovation**



**European and  
global political  
and economic  
affairs**



**Energy, climate  
and environment**

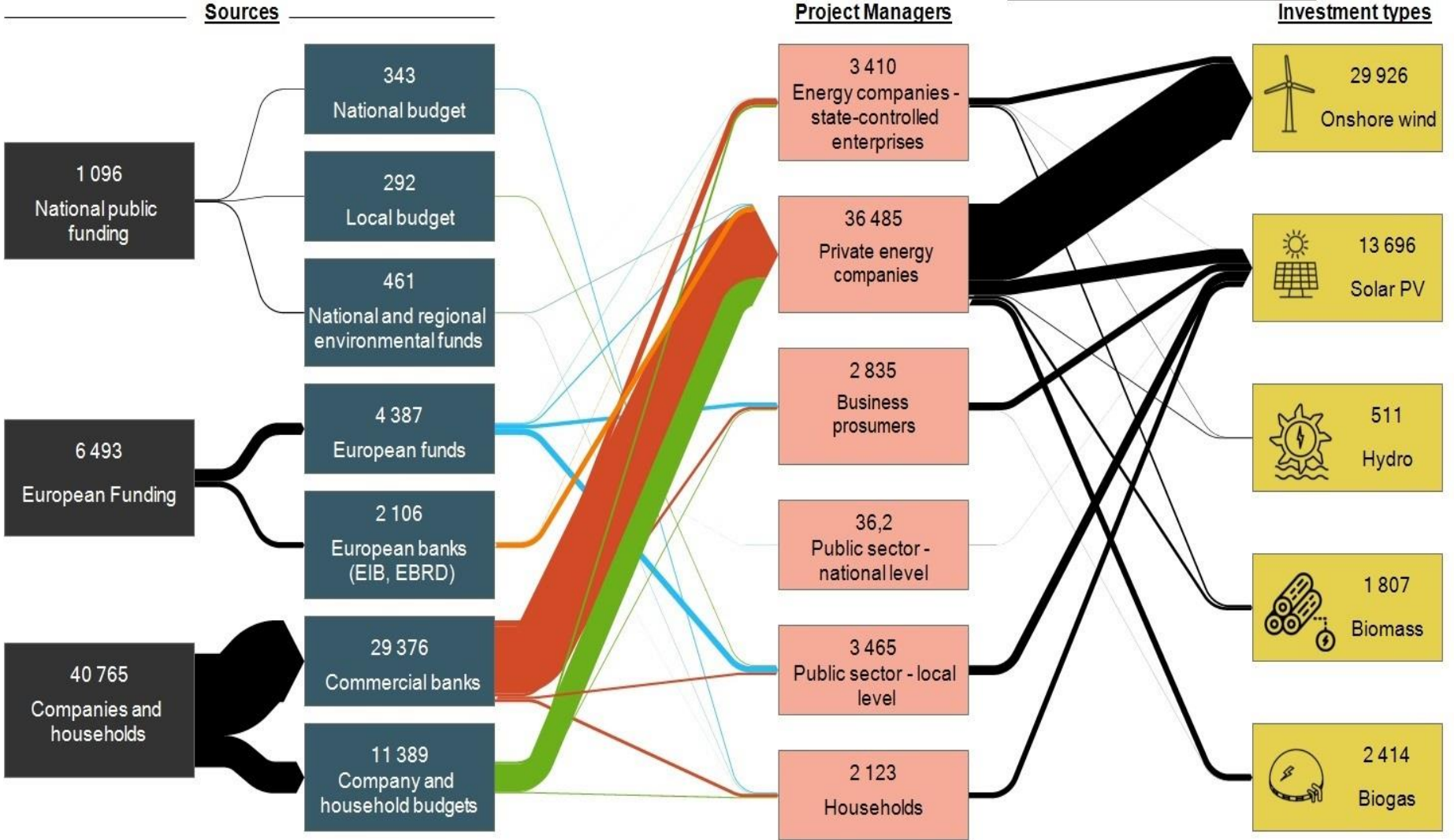
## **Landscape of climate finance in the Polish energy sector**

# Landscape of climate finance in Poland, renewable energy sector

(amounts in million PLN, total flow on the 2013-2019 period)

**Financial instruments**

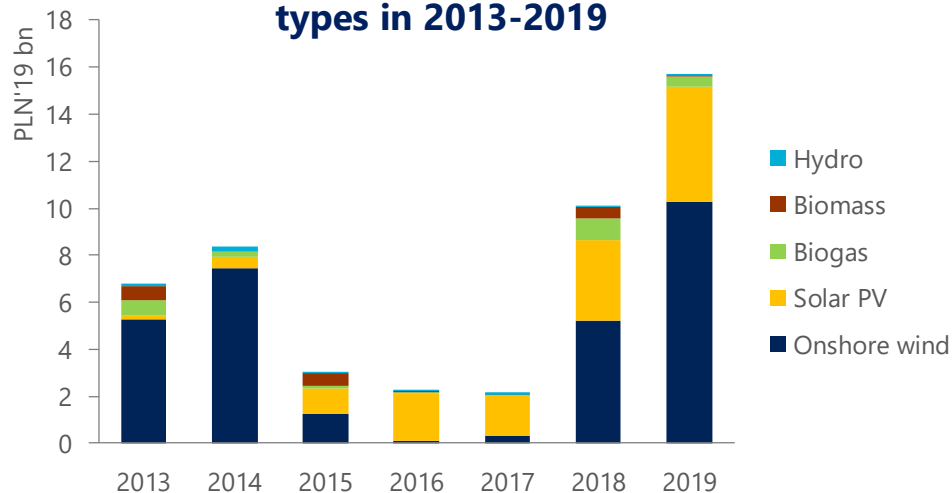
- Grants and investment subsidies
- Commercial loans
- Concessional loans
- Equity



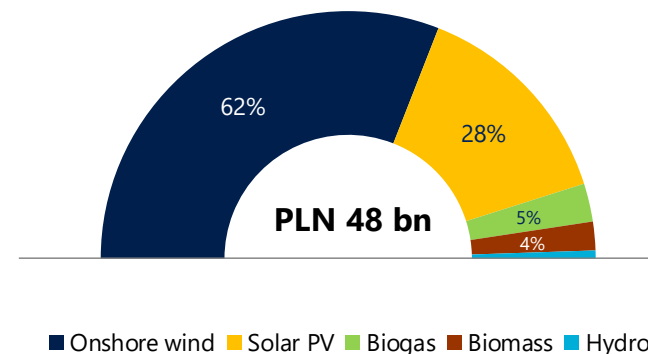
EUR/PLN ≈ 4.5

# Landscape of RES financing in power sector, 2013-2019 - technologies

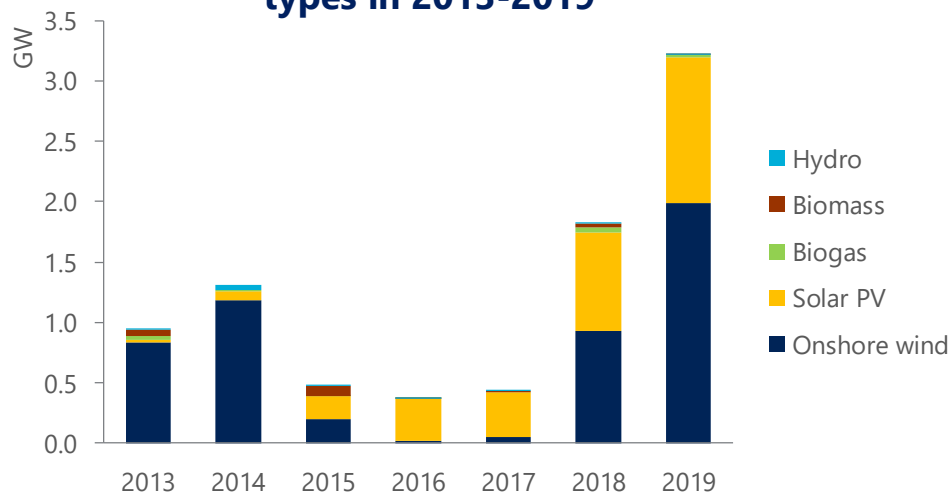
## Low-emission investments by investment types in 2013-2019



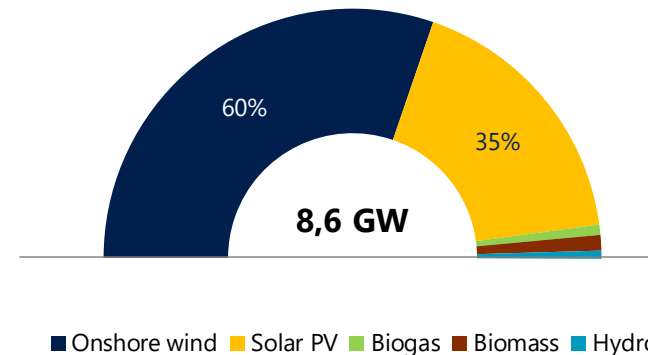
## Cumulative expenditures by investment types in 2013-2019



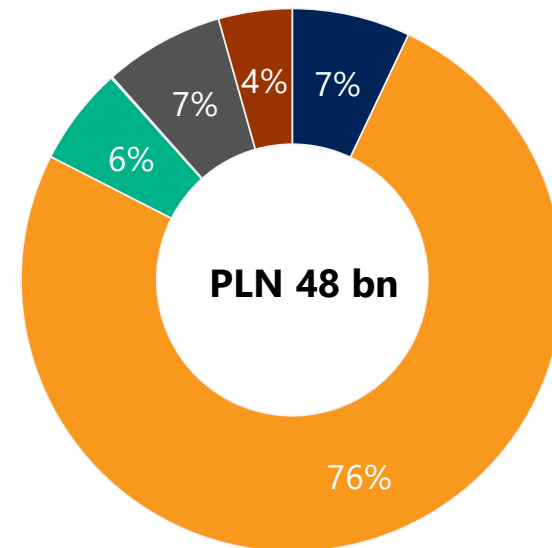
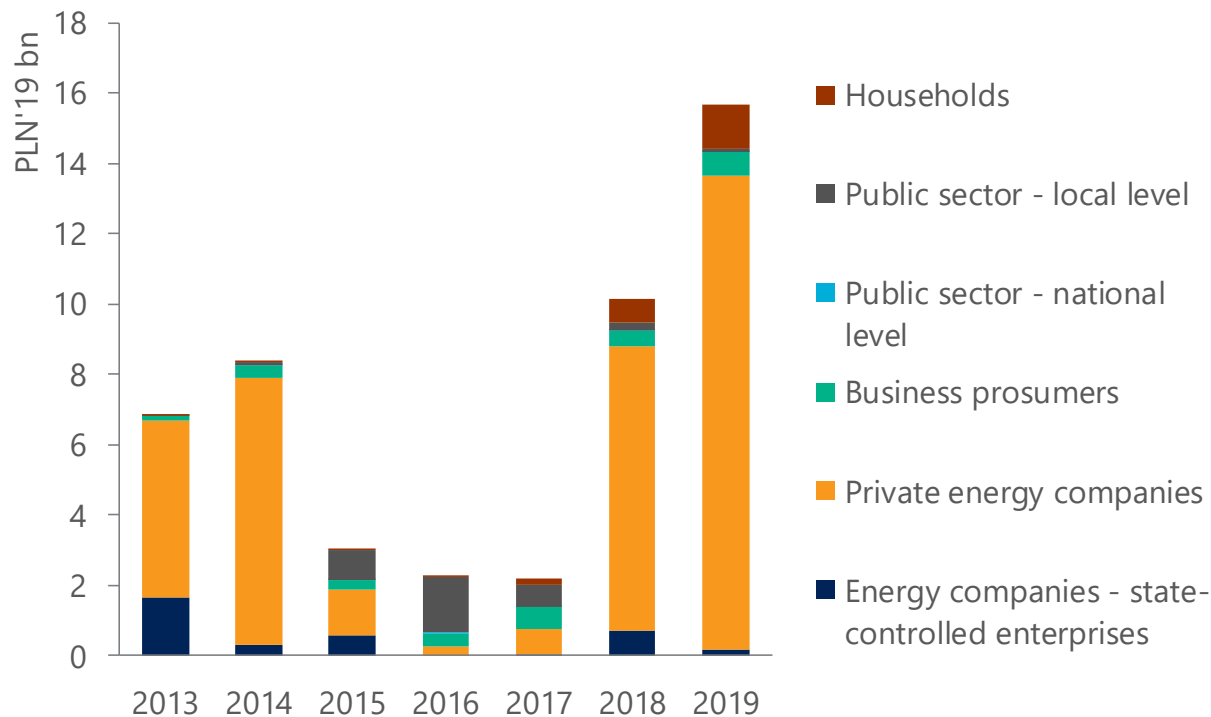
## New installed capacity by investment types in 2013-2019



## Cumulative share of new installed capacity by investment types in 2013-2019



# Landscape of RES financing in power sector, 2013-2019 – project developers



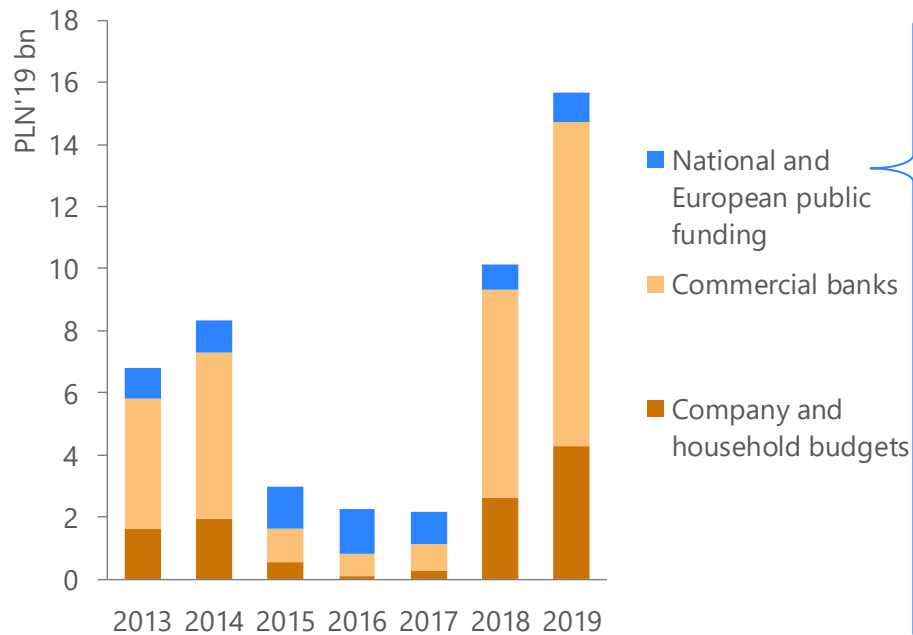
Source: WiseEuropa based on market data, information provided by public institutions and energy market statistics

- Very limited participation of state-controlled companies in RES investments, despite nearly 3/4 current share in electricity production in Poland.

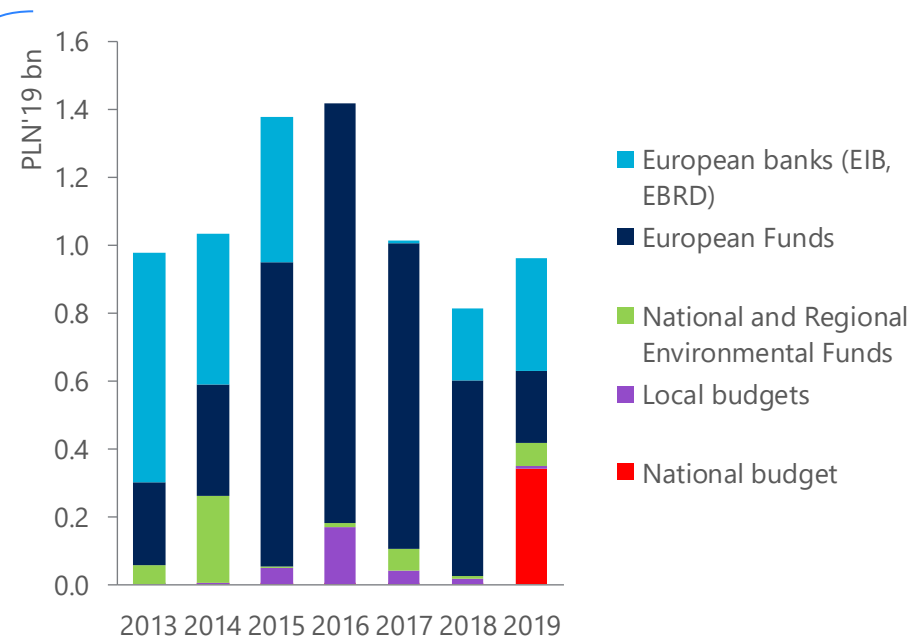


# Landscape of RES financing in power sector, 2013-2019 – sources of financing

## Investments in renewable energy sources by key financial sources



## Structure of renewable energy investments from domestic and European public sources

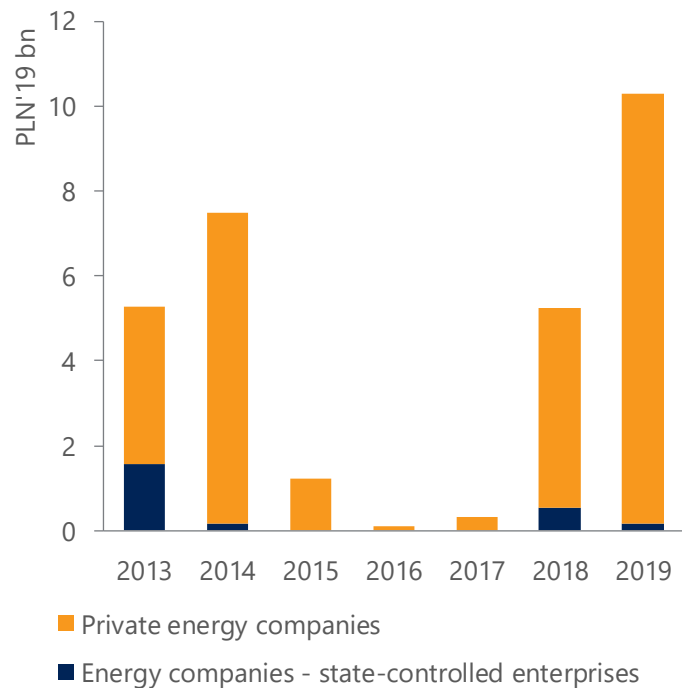


Source: WiseEuropa based on market data, information provided by public institutions and energy market statistics

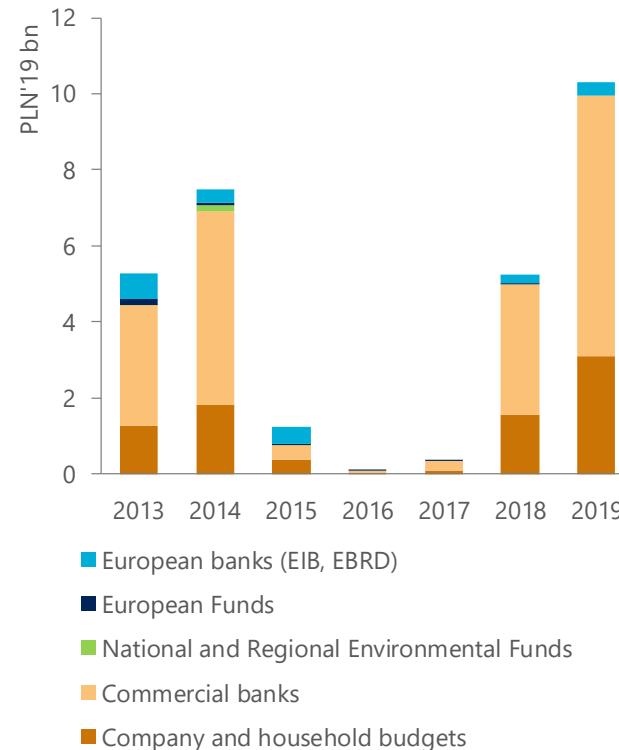
- The share of capital from the private sector in financing low-carbon investments in the energy sector increased 10-fold compared to 2017.
- European funds play the dominant role in supporting RES technologies from public sources, exceeding national public funding nearly tenfold in 2013-2018.

# Onshore wind farms - investments in 2013-2019

## Annual expenditures on onshore wind farms by project developers



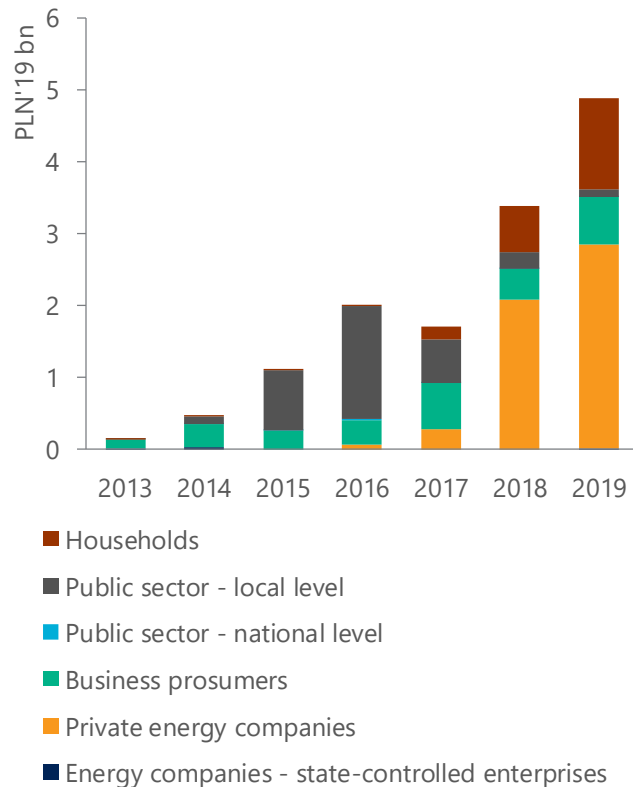
## Annual expenditures on onshore wind farms by source



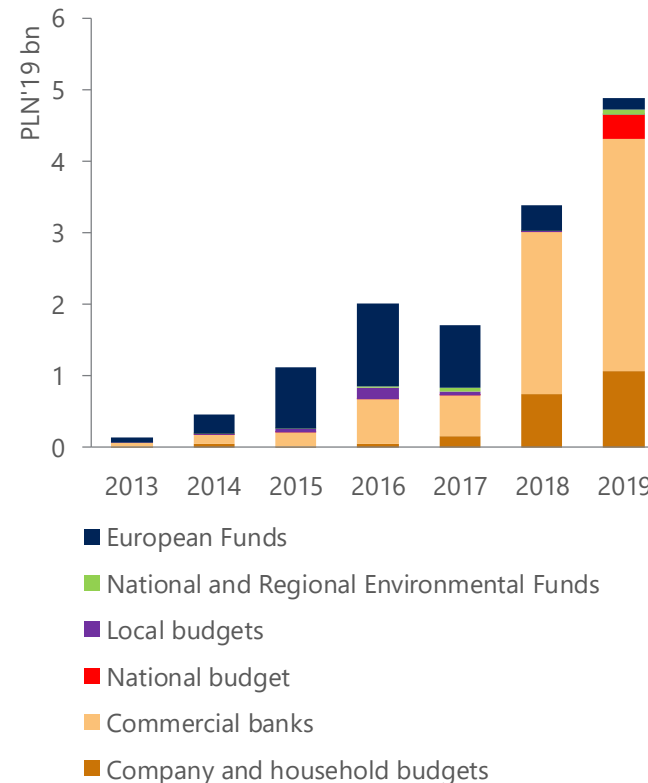
- Very limited role of state-controlled energy companies, national and European funds.
- Boom 2018-2019: auction system + private sector + EBRD loans for selected projects.

# Solar PV - investments in 2013-2019

## Annual expenditures on solar PV investments by project developers



## Annual expenditures on solar PV investments by source

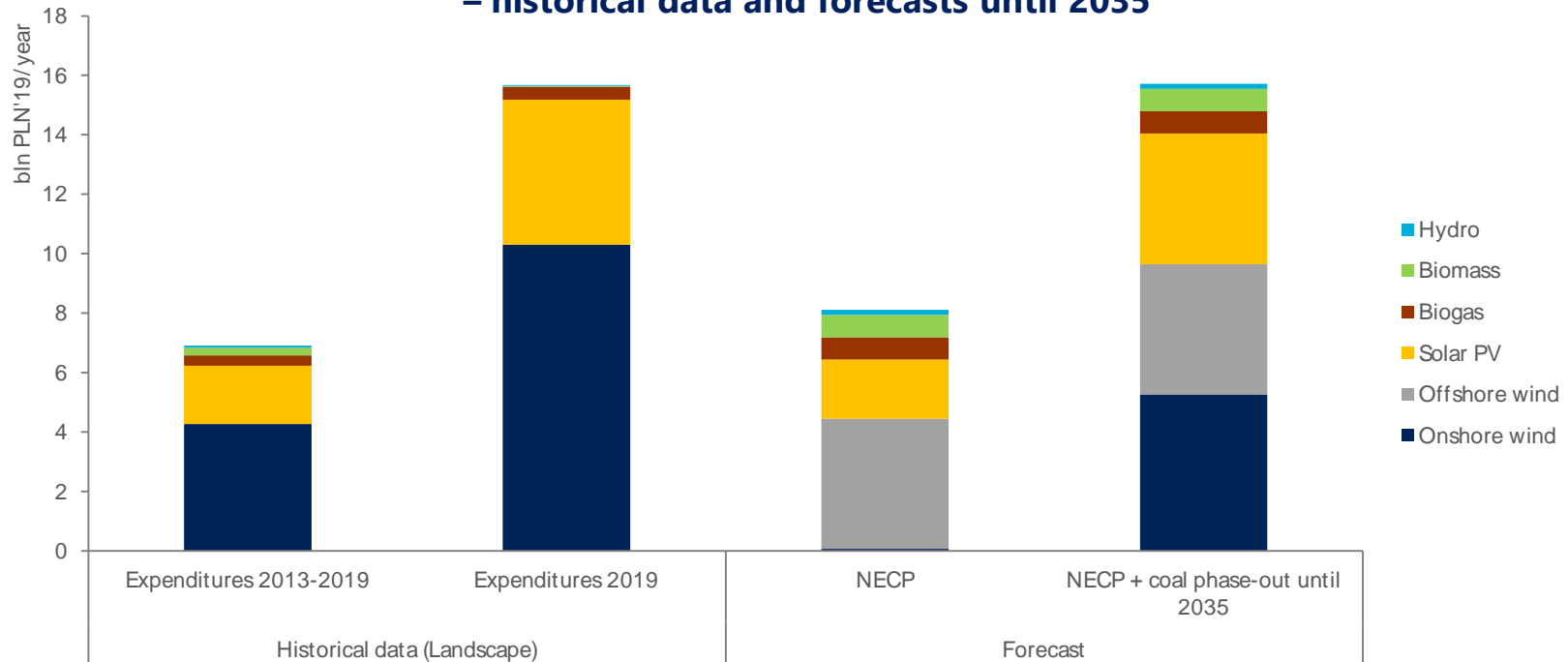


- Two investment waves → from EU projects for local governments and companies to large-scale auctions + business prosumers investments.
- The greatest diversity of sources and project developers.

## **EU recovery package and future RES investment needs in PL**

# Medium-term perspective: investment needs up to 2035 – RES

## Average annual expenditures on investments in RES capacities in power sector – historical data and forecasts until 2035

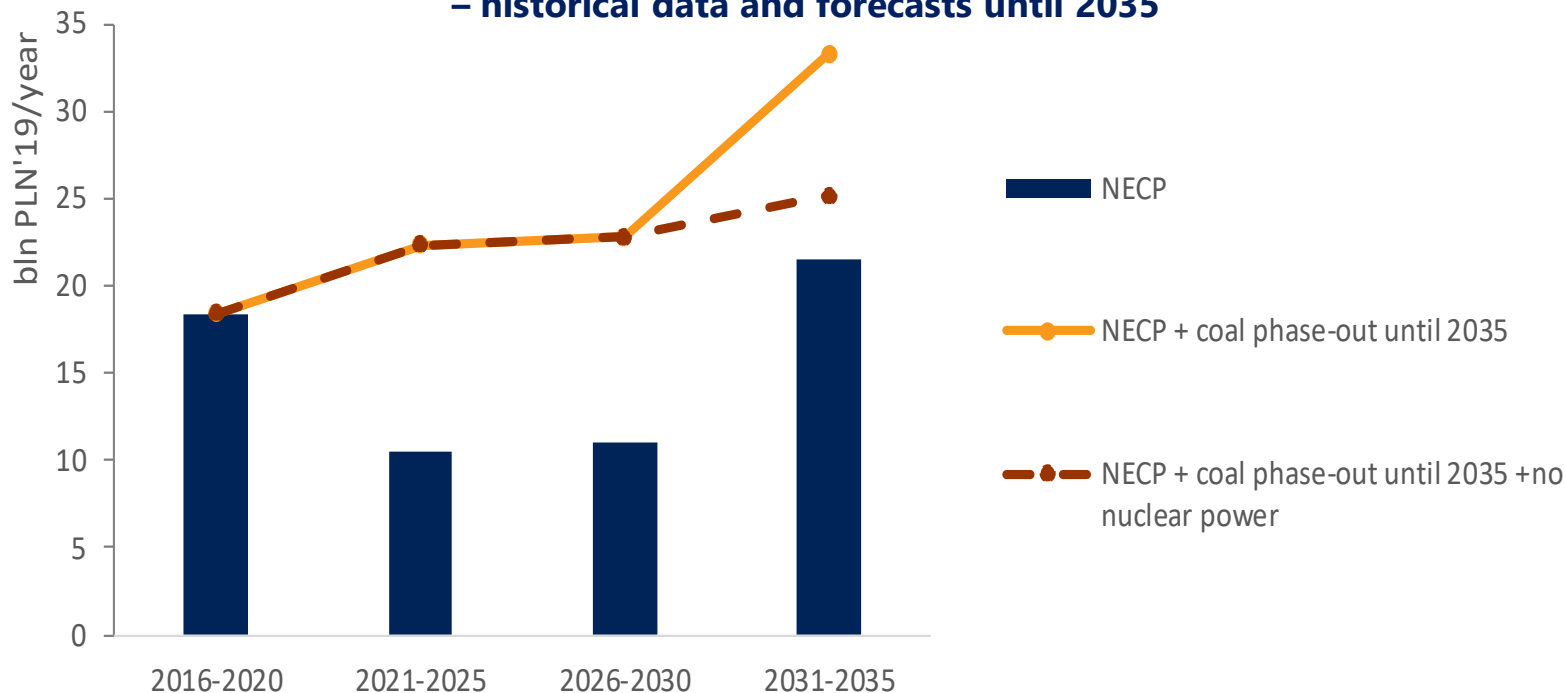


Source: WiseEuropa based on data collected for the purpose of Landscape preparation, data presented in NECP and enervis analysis (2020) and own estimates

- NECP = decrease in investments in renewables by ~50%.
- Investments in offshore wind energy would not compensate for the fall in onshore wind farm investments.
- Investments in PV would fall to levels from 2016-2017 and would be more than twice lower than in 2019.
- NECP focus: biomass and biogas.

## Long-term perspective: investment needs up to 2035

**Average annual expenditures on investments in capacities in power sector  
– historical data and forecasts until 2035**

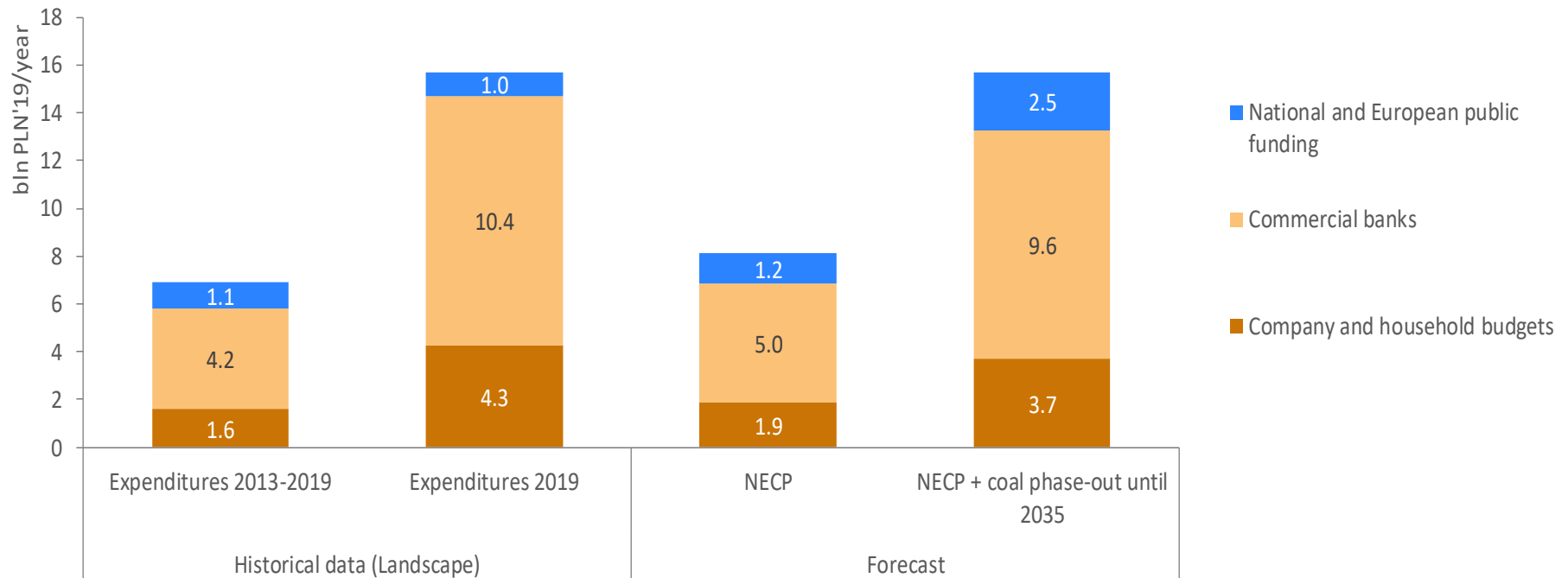


Source: WiseEuropa based on data collected for the purpose of Landscape preparation, data presented in NECP and enervis analysis (2020) and own estimates

- The crisis caused by the COVID-19 pandemic, combined with the announcement of the EU and national stimulus packages, **require the validity NECP to be revisited.**
- Maintaining the high pace of investments in RES achieved in 2018-2019, will mean that the already emerging investment gap in this decade can be avoided especially that...

# Medium term perspective: investment needs up to 2035

## Average annual expenditures on investments in RES in power sector by source of financing – historical data and forecasts until 2035



Source: WiseEuropa based on data collected for the purpose of Landscape preparation, data presented in NECP (MAP 2020) and enervis analysis (2020) and own estimates.

- ...the estimated share of European and national public funds represents **less than 10%** of the total amount of funds that Poland will have at its disposal for the low-carbon transformation in the 2020s.

### **Adoption of a double stimulus package for the energy sector** in response to the crisis:

#### **Regulatory stimulation**

- unblocking investments in onshore wind farms and accelerating investment projects in PV through the auction system
- further support for prosumers, ensuring a competitive regulatory and infrastructural environment for offshore wind energy.

#### **Fiscal stimulation**

- direct support for investment projects in line with the framework of the Recovery Plan for Europe, which focuses on complementary technologies (biogas plants, biomass CHP plant, small hydro power plants) and prosumer investments by local governments.





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Thank you for your attention

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## Domestic Landscape of Climate Finance

Why systemic approach  
to climate finance matters?

The required mobilization of funds urges for an improved coordination between all of the actors involved in the low-emission transition as well as demands comprehensive knowledge base to address the systemic challenge of financing sustainable economic development.



ENERGY, CLIMATE AND ENVIRONMENT



## Sustainable finance in Poland

The state of play and  
prospects for progress

The debate on sustainable finance and ESG integration in Poland is still in its early stages. It requires further discussion not only to present the ongoing actions at the EU level but also to introduce the topic in a more structured and comprehensive manner to the public and to the representatives of the financial sector.

Maciej Bukowski, Aleksander Śniegocki, Zofia Wetmańska



## Prąd Zmienny

Panorama niskoemisyjnych  
inwestycji w energetyce

Rozwój fotowoltaiki i odblokowanie inwestycji w farmy wiatrowe umożliwi głęboką przebudowę polskiego systemu energetycznego bez potrzeby zwiększania obecnego poziomu inwestycji w OZE. Finansowanie nie jest ograniczeniem dla znaczącej redukcji emisji w polskiej energetyce do roku 2035.

Pod redakcją Macieja Bukowskiego



ENERGIA, KLIMAT I ŚRODOWISKO